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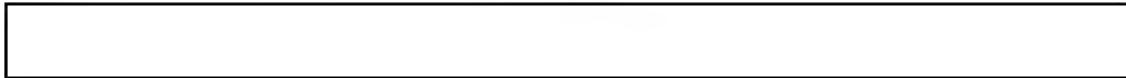


3 July 1962

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CENTRAL INTELLIGENCE BULLETIN



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3 July 1962

DAILY BRIEF

*USSR - Communist China: In the first authoritative Soviet comment on the situation in the Taiwan Strait, Khrushchev warned in a speech on 2 July that the "peoples of the Soviet Union and the entire Socialist camp" would support the Chinese Communists in administering a "crushing rebuff" to any Chinese Nationalist attack on the mainland. He endorsed Peiping's allegations that the US is encouraging Taipei's aggressive ambitions, charging that "American imperialists" are seeking to kindle a "new hotbed of war" in the Far East.

Moscow's reaction to the Chinese Communist buildup to date has not conveyed any sense of apprehension that Peiping intends to take major offensive action against the larger offshore islands. Khrushchev's references to Soviet statements supporting Peiping during the 1958 Taiwan Strait crisis and to the "unbreakable force" of Sino-Soviet friendship suggest that he sees an opportunity to exploit the present situation at small risk in order to display bloc solidarity and to underscore Moscow's readiness to support Peiping's "legitimate" national interests.

In remarks probably calculated to reach US leaders, a Soviet Foreign Ministry official implied to a Japanese diplomat on 29 June that Moscow has no intention of encouraging or supporting aggressive Chinese Communist moves. He expressed the view that

Chiang Kai-shek would try to take advantage of the "bad situation resulting from the food shortage" in China to invade the mainland but said the USSR is counting on US influence in Taiwan to prevent this from happening. The Soviet official pointed out that, unlike the Warsaw Pact and the Soviet - North Korea treaty of 1961 which commit the USSR to act if any third power attacked the countries concerned, the Sino-Soviet alliance of 1950 is directed only against Japan or an ally of Japan. This distinction between Soviet security commitments would enable Moscow to preserve a free hand in the event of a resumption of the Chinese civil war in which US forces were not involved.

South Vietnam: Viet Cong attacks dropped noticeably in the latter part of June, both in number and scale, to their lowest point in a year. This unusual lack of aggressiveness may be attributed in part to bad weather and faster and more effective government reaction, with air strikes and supporting artillery, to attacks on remote outposts and villages. At the same time, persistent reports of heavy military inactivity may be due also to reorganization to assimilate recent infiltrators into existing platoons and companies into new battalions.

Eighteen incidents of railroad sabotage or ambush were reported during June. These mark an increased effort by the Viet Cong to disrupt traffic on South Vietnam's north-south railroad and to tie down government forces in defense and repair duties. Sabotage of fuel depots at two major airfields on 25 and 27 June may reflect a new effort to counter the government's air capabilities.

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Brazil: President Goulart's new nominee for the Prime Ministry, after the Chamber of Deputies' rejection of Foreign Minister Dantas, is 46-year-old Senate President Auro Moura Andrade. A capable parliamentarian, Andrade is a member of Brazil's largest political party, the conservative Social Democratic party. He is reported to believe in a strong presidency and may intend to cooperate with Goulart--as outgoing Prime Minister Neves did--rather than compete with the presidency for power.

Andrade has been campaigning for the October gubernatorial election in Sao Paulo, Brazil's key industrial state, but has been trailing three other candidates including former President Janio Quadros. Goulart apparently fears Quadros' success in the election, and probably is interested in securing Andrade's withdrawal from the campaign to strengthen Quadros' opponents.

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Zanzibar: [The future of the Project Mercury station in Zanzibar may be jeopardized by the British administration's apparent inability to form an all-party coalition government. The British Resident of this politically unstable protectorate believes that the present local government will not agree to a renewal of lease after July 1963 as long as it feels dependent on the support of a Communist-influenced faction.]

[Chances for extension of the lease may be further reduced if the UN's Committee of 17 on decolonization, which has demonstrated a strong anticolonial bias in its discussion of several African areas, recommends the removal of the tracking station when it discusses Zanzibar later this month. Zanzibar extremists launched demonstrations against the project in July 1960 and since then have frequently called it a "rocket base," while the government has failed to defend it publicly.]

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